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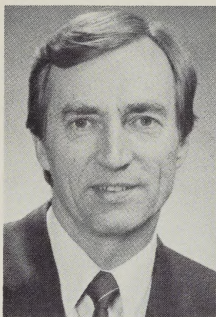
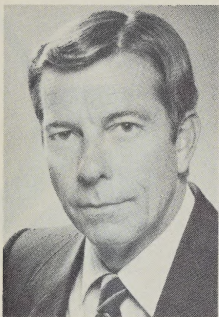
In support of canadian farmers



**Agriculture
Canada**



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Agriculture is a \$20 billion industry, an important source of employment and a major contributor to Canada's balance of trade. It plays a significant economic role in every region of the country.

Recently, however, Canadian farmers have faced difficult circumstances, from drought and high interest rates to unfair international competition. In each case, the Government of Canada has risen to the challenge. In cooperation with provincial governments and the agri-food industry, the federal government has strengthened existing programs and developed innovative responses to changing needs.

This publication outlines some of the federal programs designed to assist farmers. The information is a testimony to the importance of Canadian agriculture, and to the Government of Canada's commitment to maintaining the vigor of this vital sector.

John Wise
Minister of Agriculture

Charles Mayer
Minister of State
Canadian Wheat Board



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introduction

As Canadian agriculture is a major force in our economy, the Government of Canada has placed top priority on strengthening it.

Agriculture means business...for thousands of Canadians. In 1985, the agri-food sector:

- employed 15% of all Canadians;
- accounted for 10% of gross domestic product;
- exported almost \$9 billion worth of products; and
- accounted for more than 30% of Canada's positive trade balance.

The needs of farmers and the unique nature of the agri-food sector have generated a wide range of federal and provincial support programs. In 1986-87, the Government of Canada will spend \$3.2 billion in support of Canadian agriculture. Programs include immediate assistance to cushion the effect of production and sales fluctuations and assistance to improve the long-term competitiveness of the sector. Working closely with the provinces, the federal government continues to support progress and development in Canada's agri-food industry.

SAFETY NET PROGRAMS....

Agricultural Stabilization Act

Purpose The act supports and stabilizes the prices of specific agricultural commodities — cattle, hogs, lambs, wool, industrial milk and cream, corn and soybeans. In addition, it covers oats, barley, winter wheat and spring wheat not marketed by the Canadian Wheat Board. Other farm commodities can also be designated for support under the act as conditions warrant.

Assistance provided Payments are made when prices are low or costs are high compared with previous years. For red meat producers, tripartite stabilization schemes have been introduced. They are funded equally by the federal government, participating producers and provincial governments.

Federal contributions in 1985-86 Federal payments to producers were about \$331.9 million.

For more information Contact:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

Western Grain Stabilization Act

Purpose The program protects grain producers in the Canadian Wheat Board area, by offsetting drops in cash flow due to price fluctuations, reduced sales or production cost increases.

Assistance provided Participants receive support payments from a fund created by contributions from producers and the federal government, when the net cash flow from prairie

grain production is less than the previous 5-year average. The federal government amended the act in 1985 to allow for timely interim payments in years when payouts are triggered.

Payouts to producers in 1986-87 Participating producers received about \$859 million in payouts. This payout represented about \$5.10 in benefits for every dollar a farmer paid into the program between January 1, 1983 and July 31, 1986.

For more information Contact:

Western Grain Stabilization Administration
Winnipeg, Manitoba R3C 3H5
(204) 949-3384

Crop Insurance

Purpose Crop insurance protects farmers against crop losses caused by natural perils.

Assistance provided In most provinces, the federal government shares the cost of insurance premiums equally with participating producers. The provincial government pays the administrative costs. In Quebec and Newfoundland, the federal and provincial governments each pay 25% of the insurance premiums and share the administrative costs equally with the federal government.

Federal expenditure in 1985-86 The federal government's contribution to premiums was \$198.2 million. Total indemnity payments to insured farmers during this period were about \$731 million.

For more information Contact the crop insurance agency in your province, or:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

Dairy Policy

Purpose The policy gives efficient producers of milk and cream the opportunity to get a fair return for their labor and investment and to supply consumers with a continuous and adequate supply of high-quality dairy products.

Assistance provided In January 1986, the federal government announced its 5-year dairy policy. This outlined a commitment to continue the supply management program for industrial milk and cream and to continue establishing support prices for butter and skim milk powder. The government will also provide a direct subsidy payment of \$1.675/kg of butterfat (equivalent to \$6.03/hL of milk containing 3.6 kg of butterfat) on industrial milk and cream production within overall domestic requirements and on up to 1.1 million hectolitres for exports of whole milk products.

Federal commitment The government has set aside about \$1.4 billion for the 5-year period 1985-86 to 1990-91.

For more information Contact:

Information Services

Canadian Dairy Commission

2191 Riverside Drive, Ottawa K1A 0Z2

(613) 998-9490

Agricultural Products Board

Purpose The board provides producers with marketing support when they are receiving low prices because their agricultural commodities are in over-abundant supply.

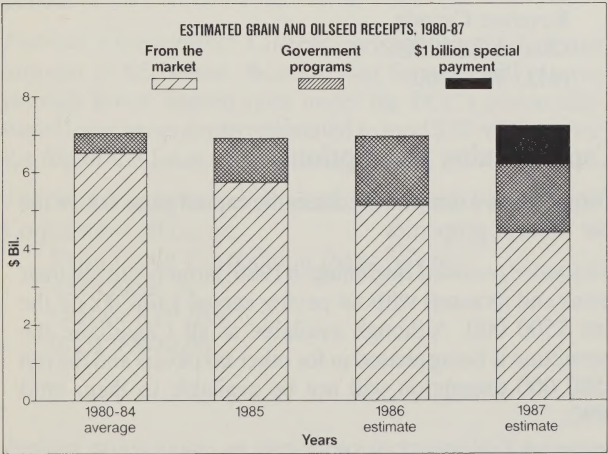
Assistance provided The board buys, stores or processes surplus commodities and then sells or exports them when market prices have improved. This increases the financial

return to the producers when they are ready to sell their commodities, even though a market may not exist at that time.

Federal expenditures in 1985-86 The government spent \$15.4 million to buy, store and handle such commodities as grapes, raspberries and canned fruits.

For more information Contact:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880



FINANCING ASSISTANCE AND TAX MEASURES....

Farm Fuel Tax Relief Program

Purpose The program reduces the burden of farm input costs.

Assistance provided The rebates on farm gasoline and diesel fuel that the federal government has introduced effectively offset the federal sales and excise taxes on these products.

Producer benefits This initiative will save farmers more than \$100 million in 1986-87.

For more information Contact your local Revenue Canada office, or:

Gasoline Tax and Refunds Section
Revenue Canada
Ottawa K1A 0L5
(613) 957-1300

Capital Gains Exemption

Purpose The exemption reduces the capital gains tax on the sale of farm properties.

Assistance provided Beginning in 1985, farmers can sell their farms and its assets without paying capital gains tax on the first \$500 000. Although available to all Canadians, the exemption is being phased in for other taxpayers and the full \$500 000 exemption will not be available to them until 1990.

For further information Contact your District Taxation office.

Farm Credit Corporation (FCC)

Purpose The corporation provides financial services that help farmers establish, develop and maintain viable farm enterprises.

Assistance provided The FCC makes and administers farm loans under the Farm Credit Act and the Farm Syndicates Credit Act. It also offers, to its applicants and borrowers, counselling and assistance in the planning, organization and development of farm businesses. The corporation now offers a shared risk mortgage to help farmers minimize the risk associated with volatile interest rates. It also offers long-term loans with fixed interest rates for periods ranging from 5 to 15 or more years.

Since May 1986, the FCC has also offered its clients commodity based loans with 6% interest rates and a principal indexed to farm commodity prices. These benefit farmers unable to meet the repayment terms of conventional loans. This program will be evaluated after a 2-year trial period.

Federal expenditures Current outstanding FCC loans amount to \$5 billion. Benefits that farmers will receive through lower interest rates under the FCC's commodity based loans program are estimated to total \$70 million over the life of the loans.

For further information Contact your local Farm Credit Corporation office, or:

Farm Credit Corporation (head office)
434 Queen St.
Ottawa K1P 6J9
(613) 996-6606

Federal expenditures on agriculture increased 96% between 1971 and 1985.

Farm Improvement Loans

Purpose These encourage designated commercial lending institutions to make short- and intermediate-term loans to farmers at reasonable interest rates.

Assistance provided Through federal government loan guarantees, credit is made available at preferred interest rates to farmers wanting to improve the efficiency of their operations or to improve living conditions on the farm.

Federal loan guarantees in 1985-86 Under this program, 11 316 loans were guaranteed for a total value of \$154.6 million. During this period, the federal government paid out \$4.3 million in claims.

For further information Contact:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

Farm Debt Review Act

Purpose The act facilitates financial arrangements between farmers in difficulty and their creditors.

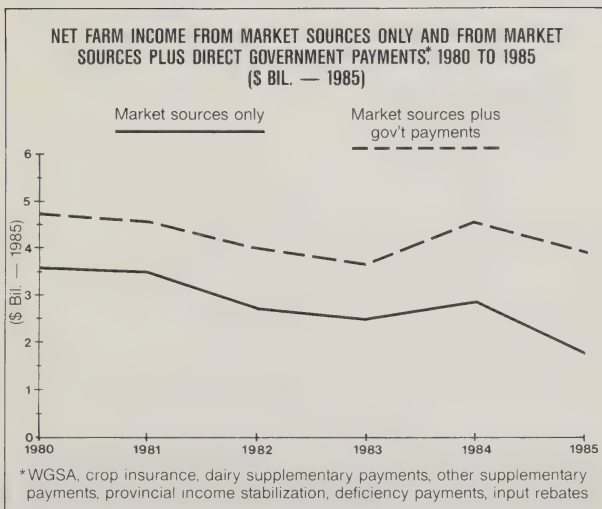
Assistance provided The legislation ensures that farmers in financial difficulty or facing foreclosure have access to an impartial third-party review of individual circumstances and possible financing/refinancing options. The review seeks a voluntary and mutually satisfactory agreement between farmer and creditor(s).

In 1986, direct payments by federal and provincial governments accounted for 14.3% of producers' farm cash receipts.

Federal expenditures This program, announced in the 1986 federal budget, has been allocated \$25 million for the operation of the board over the 2-year period ending March 31, 1988. The federal government has also given the Farm Credit Corporation a special fund so the corporation may participate in arrangements made through the Farm Debt Review Board.

For more information Contact the Farm Debt Review Board in your province, or:

Agriculture Development Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-9554



Advance Payments for Crops Program

Purpose The program improves the marketing potential for specified crops and increases returns to producers.

Assistance provided Guaranteed interest-free loans are available to eligible producer groups so that advance payments can be made to their members. These payments allow farmers to store their crop until market conditions improve. The program is available for all storable crops, except wheat, oats and barley, produced in the Canadian Wheat Board designated areas.

Federal expenditures in 1985-86 About \$345 million was advanced to farmers through their producer organizations and guaranteed by the federal government. Interest costs of \$12 million were absorbed by the government. About 50 producer associations across the country benefited from this program in 1985-86.

For more information Contact:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

Canadians spend about 12% of their personal disposable income on food they prepare at home and 4% on meals they eat away from home.

Prairie Grain Advance Payments Act

Purpose The program improves prairie grain farmers' cash flow during periods when they must hold their inventory on the farm.

Assistance provided Within the Canadian Wheat Board designated areas, eligible producers of wheat, oats and barley receive an interest-free cash advance until delivery quotas are open and marketing opportunities improve. The act is being amended to make the program more responsive to farmers' needs.

Federal expenditures in 1985-86 About \$340 million was advanced to producers by the Canadian Wheat Board with interest costs of \$11 million being absorbed by the government.

For more information Contact:

Policy Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

In 1985, agricultural products accounted for more than 26% (\$2.9 billion) of Canada's total export surplus in goods (\$11 billion).

DEVELOPMENTAL PROGRAMS....

Inspection and Regulation Programs

Purpose The programs keep exotic animal diseases and plant pests out of Canada, ensuring the maximum wholesomeness, safety and quality of agricultural and food products.

Assistance provided Inspection of food and agricultural products and regulation of food production provide Canadians with high quality products and improve producers' opportunities for domestic and foreign sales.

Federal expenditures for 1985-86 The government has spent \$235 million over the period.

For more information Contact:

Food Production and Inspection Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 992-2114

Scientific Research and Development

Purpose Research works to maintain and improve the production efficiency of the agri-food sector by helping farmers and processors produce high quality food at competitive prices.

Areas of research More than 50 agricultural research stations across Canada undertake studies in such fields as use

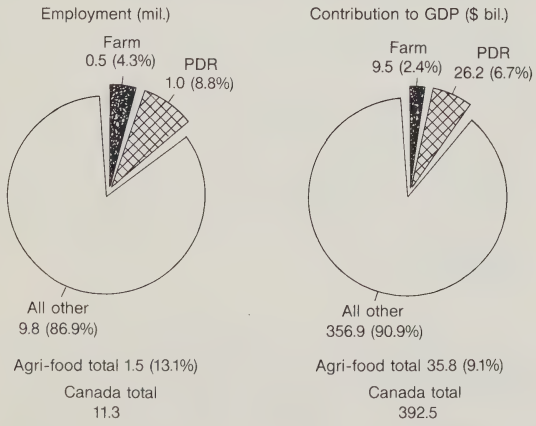
and conservation of soil and water; development of alternative pesticides; improvement of farm practices to reduce pesticide use and pollution; biotechnology to complement methods of improving crops, livestock and food; crop and animal production systems; and food processing, distribution and retailing systems.

Estimated federal expenditures for 1985-86 About \$265 million was spent on research.

For more information Contact:

Research Branch
Agriculture Canada
Ottawa K1A 0C6
(613) 995-5301

AGRI-FOOD SECTOR'S CONTRIBUTION TO THE CANADIAN ECONOMY IN 1985



Agricultural Development Agreements

Purpose The agreements encourage regional development based on the agricultural and food production potential of each province.

Assistance provided Since 1984, the federal government has signed a series of 5-year agreements, subsidiary to federal-provincial economic and regional development agreements, with British Columbia, Saskatchewan, Manitoba, New Brunswick and Prince Edward Island. Goals include resource conservation, improving sectoral productivity, exploiting export opportunities and encouraging development of secondary industries.

Outside these agreements, other regional agricultural initiatives include:

- the Soil and Water Enhancement Program (SWEET), a 5-year federal-provincial agreement to improve soil and water quality in southwestern Ontario;
- the Agriculture and Food Industry Development Agreement with Nova Scotia, a 5-year federal-provincial agreement to encourage growth and increased productivity;
- the Assistance Plan for Innovation and Technical Transfer in the Quebec agri-food industry which encourages commercial assessment of new opportunities;
- the Agricultural Testing and Experimentation Program for the Gaspé and Lower St. Lawrence regions, which provides assistance for developing food production and processing.

Federal allocations The federal government has committed more than \$185 million for the economic and regional development agreements. The allocation for SWEET is \$15 million; for the Canada-Nova Scotia agreement, \$23.2 million; for the Quebec Innovation and Technical Transfer Program, \$5 million; and for the Gaspé and Lower

St. Lawrence Agricultural Testing and Experimentation Program, \$12.3 million.

For more information Contact the Agricultural Development Branch of Agriculture Canada's regional office in your province, or:

Agricultural Development Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-5880

Prairie Farm Rehabilitation Administration (PFRA)

Purpose PFRA works with farmers and provincial governments in the three prairie provinces to promote conservation of prairie soils and to conserve and develop the region's water resources.

Assistance provided Farmers receive financial and technical assistance for on-farm construction of wells, dugouts, stock-watering dams and irrigation works, and communities for the development of water and waste-disposal systems. PFRA also gives such assistance to groups of farmers for soil conservation projects, water supply systems and irrigation project development and management. The administration provides free seedlings for planting in shelterbelts, and its pasture program helps conserve marginal land while supplying valuable grazing to eligible patrons.

Federal expenditures for 1985-86 PFRA's total expenditures amount to \$62.3 million.

For more information Contact:

Communications Unit
Prairie Farm Rehabilitation Administration (PFRA)
Regina, Saskatchewan S4P 0R5
(306) 780-5884

TRANSPORTATION ASSISTANCE PROGRAMS....

Western Grain Transportation Act

Purpose The Western Grain Transportation Act provides a federal subsidy of about \$700 million a year for the transportation of prairie grain. The act established the Grain Transportation Agency which works with the grain industry in developing a more efficient handling and transportation system.

Assistance provided The act provides for subsidies to the railways to make up the difference between freight rates paid by prairie grain producers and the cost of moving their grain to ports in British Columbia, Thunder Bay and Churchill.

Federal expenditures Under the act, the Government of Canada will spend about \$700 million in 1986-87. Under separate authority, the federal government is also providing about \$51 million over the next 3 years to finance experimental projects to increase the efficiency of the grain handling and transportation system.

For more information Contact:

Grain Transportation Agency
135 Lombard Ave.
Winnipeg, Manitoba R3B 0T4
(204) 949-3212

Feed Freight Assistance

Purpose This assistance helps livestock feeders in feed-deficit areas of the country.

Assistance provided Feed freight assistance partly offsets the cost of transporting Canadian feed grain from surplus areas to deficit areas of the country. Payment is also made on local grain sold commercially in the feed-deficit areas.

Federal expenditures in 1985-86 During the period, assistance totaled \$15.5 million.

For more information Contact:

Livestock Feed Board of Canada
5180 Queen Mary Road, Room 400
P.O. Box 177, Snowdon Station
Montreal, Quebec H3X 3T4
(514) 283-7505

Note The federal government also provided about \$250 million in 1985-86 to a number of other specialized programs that support transportation of agricultural goods. For further information on these programs, contact:

Canadian Transport Commission
15 Eddy St.
Hull, Quebec K1A 0N9
(819) 997-6567

Although Canada ranks sixth in world production of wheat, it is the second largest exporter, behind the U.S. In 1985-86, it shipped 19% of the world's wheat exports.

SPECIAL ASSISTANCE MEASURES....

Special Canadian Grains Program

Purpose This program reduces the impact of the EEC-U.S. subsidy war on Canada's grain sector by enhancing the cash flow of Canadian grain producers.

Assistance provided A special cash payment will be made in two installments. Payments to producers are calculated on the basis of seeded acreage of eligible grain and oilseed crops and average yields. Assistance rates reflect the relative price declines arising in each commodity from the EEC-U.S. trade dispute.

Crops covered under the program are wheat, barley, oats, rye, mixed grains, corn, soybeans, rapeseed/canola, flax and sunflower seeds. Grain used for silage is excluded.

Under the program, the average grain farmer will receive about \$5000 in assistance payments. Payments are limited to \$25 000 per producer.

Federal expenditures Assistance totaling \$1 billion will be paid to producers in 1987; an interim payment of about \$300 million will be made in the winter of 1986-87 with the remaining \$700 million paid in the spring of 1987-88.

For more information Contact:

Administrator
Special Canadian Grains Program
Agriculture Canada
Ottawa K1A 1J3
(613) 957-7078

Drought Aid

Purpose This aid compensated crop and livestock producers whose yields were severely affected by drought in 1984 and 1985.

Assistance provided Each crop producer received financial assistance based on reduced yields as measured by crop insurance loss-to-coverage ratios averaged for the years 1983, 1984 and 1985. Livestock producers received payments on a per-head basis with payment dependent on severity of drought in each producer's area.

Federal expenditures To the end of 1985-86, federal contributions totaled about \$151.5 million for the 1984-85 and 1985-86 Livestock Drought Assistance Programs and the Crop Drought Assistance Programs in affected areas of British Columbia, Alberta, Saskatchewan, and Manitoba.

For more information Contact:

Communications Unit

Prairie Farm Rehabilitation Administration (PFRA)

Regina, Saskatchewan S4P 0R5

(306) 780-5884

Canada was the world's largest producer of barley (12.4 million tonnes) in 1985-86, and accounted for about 24% of world exports.

Canadian Rural Transition Program

Purpose The program helps farm families who cease farming because of financial difficulties and wish to start a new non-farming career.

Assistance provided The program provides for a transition grant (up to \$1600) and additional financial assistance for a further 5 months. It also provides assistance for training, transportation to seek employment, relocation and starting a new business, plus wage reimbursement for employers. Job and personal counselling are also available.

Estimated federal expenditures The program has a budget of \$46.6 million for the 2-year period ending March 31, 1988.

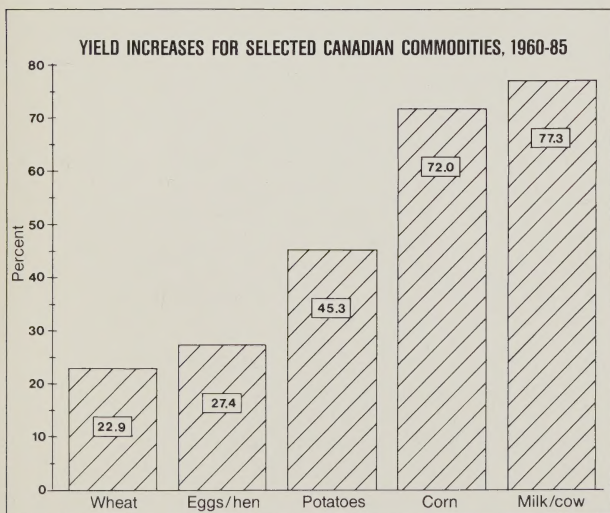
For more information Contact your local Canada Employment Centre; Farm Credit Corporation office, Canada Farm Labour Pool, or:

Agriculture Development Branch
Agriculture Canada
Ottawa K1A 0C5
(613) 995-9554

Canadian farmers earned farm cash receipts of \$19.7 billion in 1985, from commodities that included cereals and oil-seeds (35.4%), beef and dairy cattle (32%), hogs (9%), poultry and eggs (7%) and fruits and vegetables (5.5%).

In addition to the programs described in this publication, the federal government funds many others that benefit agricultural producers and the agri-food sector. They include:

- registration and inspection of seed, feed, fertilizer and pesticides;
- record of performance programs for livestock;
- export development and promotion;
- dissemination of market information through market price reports and forecasts;
- supervision of national marketing agencies for eggs, turkeys, and broiler chickens;
- support through the Agricultural Products Cooperatives Marketing Act, the New Crop Development Fund, the Agricultural Enhancement Fund, and the Canadian Agricultural Marketing Development Initiative.





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